

PROMOTING ETHICS IN PUBLIC LIFE

National Legal and Policy Center



Taxpayers Subsidize Forbes 'Green' Billionaires' Schemes

Submitted by [Paul Chesser \(bios/paul-chesser\)](#) on Tue, 05/15/2012 - 11:15

The three top U.S.  [Printer-friendly \(http://nlpc.org/print/3997\)](http://nlpc.org/print/3997)  [Email to friend \(http://nlpc.org/printmail/3997\)](http://nlpc.org/printmail/3997)

tycoons on Forbes's 'Green' billionaires [list](#) <http://www.forbes.com/sites/kerryadolan/2012/04/10/the-richest-green-billionaires-2012/>) have received billions of dollars in taxpayer subsidies for their clean technology companies, after they spent hundreds of thousands of dollars for political campaigns and lobbying.



Two of the moguls, [Elon Musk \(http://www.forbes.com/profile/elon-musk/\)](http://www.forbes.com/profile/elon-musk/) and [Vinod Khosla \(http://www.forbes.com/profile/vinod-khosla/\)](http://www.forbes.com/profile/vinod-khosla/) (in photo), are technology pioneers based in California with net worths of \$2 billion and \$1.3 billion, respectively. The third, Christy Walton, is the widow of the late John Walton who was an heir to the Walmart fortune. Forbes says she is "the world's richest woman" is worth \$24.8 billion.

Significant percentages of Musk's and Khosla's value are derived from "eco-friendly" holdings. Musk's main green investments are in [Tesla Motors \(http://nlpc.org/category/keywords/tesla\)](http://nlpc.org/category/keywords/tesla), an electric automaker, and [SolarCity \(http://www.solarcity.com/\)](http://www.solarcity.com/). Among Khosla's clean-tech assets are [KiOR \(http://www.kior.com/\)](http://www.kior.com/) and [Gevo \(http://www.gevo.com/\)](http://www.gevo.com/), both biofuels companies, and [Calera Corporation \(http://www.calera.com/\)](http://www.calera.com/), a company that uses captured carbon dioxide in other products like cements. According to Forbes, Musk's "green" net worth is \$1.2 billion and Khosla's is \$350 million.

Nearly all of Walton's wealth is from Walmart, but the finance magazine attributes \$570 million of her riches to investment in [First Solar \(http://nlpc.org/category/keywords/first-solar\)](http://nlpc.org/category/keywords/first-solar), which John Walton [infused with \\$150 million \(http://www.greentechmedia.com/articles/read/when-first-solar-wasnt-so-hot/\)](http://www.greentechmedia.com/articles/read/when-first-solar-wasnt-so-hot/) in 1999 when he took a seat on the company board. His estate unloaded much of its First Solar stock in mid-2009.

Considering the vast resources at the disposal of the three, you'd think taxpayer assistance would not be necessary to keep their green companies afloat. Nevertheless Musk and Khosla, and to a lesser degree Walton (at least as an active participant), have sought government funds for their initiatives.

Musk, best known as [co-founder of the company that became PayPal \(http://www.notablebiographies.com/news/Li-Ou/Musk-Elon.html#b\)](http://www.notablebiographies.com/news/Li-Ou/Musk-Elon.html#b), is Chairman of SolarCity and CEO of Tesla. According to the [Center for Responsive Politics \(http://www.opensecrets.org/index.php\)](http://www.opensecrets.org/index.php), SolarCity spent \$535,000 in 2009 and 2010 to [lobby \(http://www.opensecrets.org/lobby/client_reports.php?d=D000056861&year=2010\)](http://www.opensecrets.org/lobby/client_reports.php?d=D000056861&year=2010) Congress and the [Department of Energy \(http://nlpc.org/category/keywords/department-energy\)](http://nlpc.org/category/keywords/department-energy) on climate legislation, the [Recovery Act \(http://nlpc.org/category/keywords/recovery-act\)](http://nlpc.org/category/keywords/recovery-act), "green workforce training and development," and provisions in various legislation "relevant

o solar development.” SolarCity has [sought to extend a program](http://www.bizjournals.com/sanfrancisco/print-edition/2011/06/17/solar-firms-want-feds-o-extend.html?page=all) <http://www.bizjournals.com/sanfrancisco/print-edition/2011/06/17/solar-firms-want-feds-o-extend.html?page=all>), due to expire at the end of 2012, that delivers to manufacturers an upfront cash grant in lieu of a 30 percent Investment Tax Credit (called the Section 1603 grant program). So far, according to DOE reports, SolarCity has received more than \$66 million from that program.

The company also [won a partial guarantee from DOE of a \\$344 million loan](http://www.doe.gov/articles/energy-department-loan-guarantee-would-support-large-scale-rooftop-solar-power-us-military) <http://www.doe.gov/articles/energy-department-loan-guarantee-would-support-large-scale-rooftop-solar-power-us-military>) that will place up to 160,000 rooftop solar installations on military housing across the country.

Similarly, Musk’s Tesla Motors spent \$480,000 from 2007 to 2011 to lobby Congress, the White House, EPA and DOE on climate and energy issues, the Advanced Technology Vehicles Manufacturing loan program, the Promoting Electric Vehicles Act, and the Recovery Act. Tesla received [a \\$465 million loan guarantee](https://lpo.energy.gov/?projects=tesla-motors) (<https://lpo.energy.gov/?projects=tesla-motors>) from DOE’s ATVM program.

Musk is also a generous political donor, mostly to Democrats, although his investments and giving are equally diverse. Also the CEO of a space exploration company, Musk donated \$290,000 to political candidates and the major parties from 2008 through 2012, which included \$66,200 to the Democratic National Committee, \$34,400 to the Democratic Senatorial Campaign Committee, and \$63,500 to the National Republican Congressional Committee. His presidential candidate was Barack Obama, giving \$2,300 for his 2008 campaign and \$5,000 for the 2012 cycle. Besides Musk, a former Tesla director, Steve Westly, [raised hundreds of thousands of dollars](http://www.opensecrets.org/preso8/bundlers.php?id=N00009638) (<http://www.opensecrets.org/preso8/bundlers.php?id=N00009638>) for both of President Obama’s campaigns [as a bundler](http://www.opensecrets.org/pres12/bundlers.php?id=N00009638) (<http://www.opensecrets.org/pres12/bundlers.php?id=N00009638>).

Khosla’s ventures engaged in heavy lobbying in recent years also. KiOR spent \$150,000 from 2010 through 2012; Gevo spent \$360,000 from 2009 through 2012; and Khosla Ventures spent \$70,000 in 2008. His lobbyists promoted the government use of biofuels, setting of renewable fuel standards, and incentives for those fuels. Also, Khosla’s Calera Corporation spent \$540,000 from 2008 to 2011 lobbying Congress about Recovery Act programs “related to carbon (dioxide) conversion technology.”

Khosla’s political contributions overwhelmingly favored Democrats between 2008 and 2012, although he gave nearly equally to President Obama (\$4,800) and GOP nominee Sen. John McCain (\$4,600) in 2008. So far he has donated \$2,500 for the president’s re-election. Overall he has given \$303,400 to political candidates and the Democratic Party the last three election cycles, which included \$30,800 to DNC, \$58,900 to DSCC, and \$65,400 to the Democratic Congressional Campaign Committee.

Among the blessings Gevo received from the U.S. government were [a \\$1.78 million grant](http://www.doe.gov/articles/doe-and-usda-select-projects-more-24-million-biomass-research-and-development-grants) (<http://www.doe.gov/articles/doe-and-usda-select-projects-more-24-million-biomass-research-and-development-grants>) from the Department of Agriculture to develop isobutanol, a biofuel; another [5 million DOA grant](http://ethanolproducer.com/articles/8190/gevo-announces-5-million-usda-grant-contract-with-air-force) (<http://ethanolproducer.com/articles/8190/gevo-announces-5-million-usda-grant-contract-with-air-force>) to develop biojet fuel from woody biomass and forest product residues; and a contract worth up to \$600,000 to supply the Air Force with alcohol-to-jet fuel. KiOR attempted to get a stimulus-funded loan guarantee but apparently failed, but succeeded in extracting [a \\$75 million OAN](http://www.kior.com/content/article.php?Article=1&s=2&s2=35&p=35&t=News-and-Events) (<http://www.kior.com/content/article.php?Article=1&s=2&s2=35&p=35&t=News-and-Events>) from the State of Mississippi to build five “renewable” crude oil production facilities.

Meanwhile, Calera was awarded a [\\$21.3 million grant](#) <http://www.recovery.gov/Transparency/RecipientReportedData/Pages/RecipientProjectSummary508.aspx?AwardIDSUR=93782&qtr=201201> from the DOE's stimulus funds for a project that captures carbon dioxide from a California power plant's emissions and uses it in a "cementitious substitute material." (<http://www.doe.gov/nepa/ea-1831-phase-ii-iccs-initiative-funding-award-calera-corporation-moss-landing-california>)

Khosla has his critics. While successful in his development of Sun Microsystems, his bets on renewable energy have been spotty, according to Robert Rapier of Consumer Energy Report. He is accused of often hyping technologies which have been worked on for years but he promotes as "new," such as earlier investment Range Fuels, only to see them fail.

"Most of what he considers 'vibrant and new' has been worked on for many years at big companies around the world — but they generally don't follow the 'hype, hype, hype' model so you don't hear about them," Rapier [wrote](http://www.consumerenergyreport.com/2011/01/27/vinod-khosla-and-the-asificationfermentation-debate/) <http://www.consumerenergyreport.com/2011/01/27/vinod-khosla-and-the-asificationfermentation-debate/> in January 2011. "And in many cases, the research ended because the path led to 'not commercially viable.'"

Tellingly, Rapier says Khosla is known to "reinvent the wheel on other people's dimes."

As for First Solar and Christy Walton, her role appears to be more passive and not active in leadership. She is [not a director](http://www.firstsolar.com/en/About-First-Solar/Corporate-Governance#board-of-directors) <http://www.firstsolar.com/en/About-First-Solar/Corporate-Governance#board-of-directors>. However, other Waltons are [seeking a larger role](http://www.thestreet.com/story/11491608/1/wal-marts-waltons-gaining-more-active-role-at-first-solar.html) <http://www.thestreet.com/story/11491608/1/wal-marts-waltons-gaining-more-active-role-at-first-solar.html> on the board as the family as is the largest investor, and must not be very happy with the company's stock price collapse. First Solar is the [beneficiary of more than \\$3 billion in DOE loan guarantees](http://nlpc.org/stories/2012/04/18/taxpayers-reward-executives-failure-green-jobs-are-lashed) <http://nlpc.org/stories/2012/04/18/taxpayers-reward-executives-failure-green-jobs-are-lashed> for three of its solar projects in the West.

That politically connected, wealthy "Green" investors see their projects enhanced with billions of taxpayer dollars, redistributed by the Obama administration, should not surprise anyone any more. After all, the rich get their [electric cars](http://nlpc.org/category/keywords/electric-car) <http://nlpc.org/category/keywords/electric-car> and support systems subsidized, their [start-up schemes](http://nlpc.org/category/keywords/smith-electric-vehicles) <http://nlpc.org/category/keywords/smith-electric-vehicles> stimulated, and their privileges [assured](http://nlpc.org/stories/2012/03/05/gm-funded-ev-company-gives-loe-loan-ends-operations) <http://nlpc.org/stories/2012/03/05/gm-funded-ev-company-gives-loe-loan-ends-operations> by playing the [crony capitalism](http://nlpc.org/category/keywords/crony-capitalism) <http://nlpc.org/category/keywords/crony-capitalism> game.

Truth be told, if Forbes compiled a list of executives who made millions on "Green" technology without government subsidies, it would be a very short list — or no list at all.

Paul Chesser is an associate fellow for the National Legal and Policy Center.

